

REVENUE DEPARTMENT[701]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby gives Notice of Intended Action to amend Chapter 240, “Rules Necessary to Implement the Streamlined Sales and Use Tax Agreement,” Iowa Administrative Code.

The subject matter of rule 701—240.7(423) is the effective dates of taxation rate increases or decreases when certain services are furnished. The proposed amendment to the rule implements the amendment made by the Streamlined Sales Tax Governing Board to the Streamlined Sales and Use Tax Agreement (SSUTA), as required by the SSUTA, which is adopted under 2011 Iowa Code chapter 423. The Department must amend the rule in order to maintain compliance with the Agreement. Compliance with the Agreement enables the Department to collect upwards of \$13 million a year from remote sellers.

The amendment to rule 701—240.7(423), in the case of an increase of tax rate, changes the beginning date of the rate change to the first day of the billing period occurring “on or after,” rather than “after,” the effective date of the tax rate increase. For tax rate decreases, the new rate applies to bills rendered on or after the effective date of the tax rate decrease.

The proposed amendment will not necessitate additional expenditures by political subdivisions or agencies and entities which contract with political subdivisions.

Any person who believes that the application of the discretionary provisions of this amendment would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

The Department has determined that this proposed amendment will not have an impact on small business. The Department has considered the factors listed in Iowa Code section 17A.4A. The Department will issue a regulatory analysis as provided in Iowa Code section 17A.4A if a written request is filed by delivery or by mailing postmarked no later than October 8, 2012, to the Policy Section, Policy and Communications Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. The request may be made by the Administrative Rules Review Committee, the Administrative Rules Coordinator, at least 25 persons signing that request who each qualify as a small business, or an organization representing at least 25 such persons.

Any interested person may make written suggestions or comments on the proposed amendment on or before September 25, 2012. Such written comments should be directed to the Policy Section, Policy and Communications Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306.

Persons who want to convey their views orally should contact the Policy Section, Policy and Communications Division, Department of Revenue, at (515)281-8036 or at the Department of Revenue offices on the fourth floor of the Hoover State Office Building.

Requests for a public hearing must be received by September 25, 2012.

After analysis and review of this rule making, no adverse impact on jobs has been found.

This amendment is intended to implement 2011 Iowa Code chapter 423.

The following amendment is proposed.

Amend rule 701—240.7(423) as follows:

701—240.7(423) Effective dates of taxation rate increases or decreases when certain services are furnished. Certain taxable services are usually furnished over an extended period of time (e.g., utilities, janitorial, and ministorage services), and the user of such a service is billed at regular intervals (e.g., monthly or quarterly). The beginning date when a rate change is imposed on the sales price of this type of service differs, depending upon whether a rate increase or rate decrease is involved. If the rate of taxation has been increased, the beginning date of the rate change shall be the first day of the first billing period occurring on or after the effective date of the rate increase. If the rate of taxation has been decreased, ~~the beginning date of the rate change shall be the date on which the first bill for furnishing the service is rendered for payment, subsequent to~~ the new rate shall apply to bills rendered on or after the effective date of the rate decrease.

This rule is intended to implement ~~2005~~ 2011 Iowa Code chapter 423, subchapter IV.